

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – AUGUST 18, 2004**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. Guests: Brian Law and Michael Goclowski, Law Warehouse.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending 8/15/04 shows retail sales were up around 8.5%, on-premise sales were up almost 2.2%, off-premise sales were up 13.7%, and total aggregate sales were up almost 8%. The traffic count increased by 5,454, as did the average sales ticket by \$1.60.

The W-1 Total Weekly Sales report confirms total sales were up 8% or \$632,017 for the week, and were also up for the year by 7.4% or \$3,899,243. Wine sales were up 10.7% or \$358,604 compared to the same week last year, and were up 9.14% or \$2,063,010 for the year. Sales of spirits increased 6% or \$273,413 on a weekly basis, and also increased year-to-date by 6% or \$1,836,234.

##### **B. Budget/Administrative Reports:**

There was nothing of significance to report regarding depletions and outstanding post-offs for the past week.

The Commission is running slightly ahead of last year at this same time regarding the use of gift cards.

The Commission has no items on the Governor and Council agenda this morning. Last Wednesday, Fiscal Committee approved \$70,000 in relocation funds. This should appear on the Governor and Council agenda in September.

Craig is working on a letter to Peter Yao to cover the other positions not approved from last week's waiver, which he will submit to the Commission for prior approval first.

Rick Bailey from OIT met with Craig, George and Howard last Thursday concerning the transfer of IT assets. Craig asked Rick to attend next week's Commission meeting to give members the opportunity to ask him questions. Craig feels this is a very significant issue. Concerns will be documented in the MOUs which are being written with each agency involved.

Craig will be going to the State House this afternoon at 2:30 p.m. to watch George Tsiopras receive recognition from the Governor for saving the Commission significant funds.

There is nothing of real significance to report regarding the W-6 Expense Budget Activity report for the past week. Class 50 monies are being closely monitored. Reports will, hopefully, be available by the end of the week on the most recent expenses.

Accounting is wrapping up year-end finances. The July income statement will be a little delayed until the June statement is reconciled. They are also working on an OIT simulation for finances.

2. IT Report

The licensing system implementation is being pushed back a month. Three agencies will be on this system – the Board of Nursing, the Retail Estate Commission and the Liquor Commission. Fish and Game licensing is standing alone at the moment, as their licenses are different than what the new system is designed for.

Credit cards have been turned on for all licensees, and any licensee can now pay by credit card. By next week, they should be able to pay on account.

Howard said IT is still experiencing some problems due to lack of available staff at this time.

3. Human Resources Report

Evie stated that one of the problems which has been identified is the reporting time for workman's compensation claims. Two have recently crossed her desk which were late. Evie did, however, attend hearings on two cases which she believes went well, and she hopes that one individual will be returning to work as a result. In addition, Liberty Mutual is looking into a possible case of fraud.

RiskTrac sent the wrong software program, and Evie is now waiting for the correct one, which she hopes to have by the end of the week.

Evie mentioned that there are a lot of overdue employee evaluations for the month of August. She stressed the need to focus on these documents and have them completed on time, so that employees' salary steps are not affected. 18 evaluations are due for August, 4 for July and 3 for June. Both Peter and Aidan said they would have their evaluations completed by next week.

## **II. MARKETING & SALES REPORTS**

### **1. Store Operations:**

Total store sales for the week ending 8/15/04 increased by 7.26% or \$464,576.58. There was nothing out of the ordinary to report.

There was a meeting with the landlord of the Swanzey store who wants the Commission to relocate within the same building, from the present right side to the left rear. This would occur toward the end of September. Peter sees this as an advantageous move. Peter also met with the landlord of the Glen store who is proposing to move that store into the Grants building and move Grants into the hardware store area. Again, Peter thinks this would be to the Commission's advantage. Peter also mentioned that he had met previously with someone who is interested in putting in a whole new building.

D.O.T. is working with Patten Construction regarding replacement of the floor at Store #38 Portsmouth.

There was a groundbreaking ceremony for Phase II at the new Keene location last week, and there will be a meeting of the Keene Planning Board this coming Monday. Commissioner Russell hosted a meeting on August 11<sup>th</sup> which included dignitaries from Keene. Feedback from D.O.T. representatives was that it was a good meeting, and everyone is now "on the same page".

Commissioner Russell inquired about the status of the maintenance van which needs to be replaced, and if the Commission could purchase another van which is still available. She also asked about the possibility of borrowing the Enforcement van if a new one was not available soon.

### **2. Purchasing Report:**

John Bunnell reported that Grey Goose Vodka in the 750ML size is currently out of stock. Marketing is working with Horizon Beverage Company to alleviate this shortage.

Michael Gocłowski distributed information showing sample ordering for August 16, 2004, including the ordering source, number of orders and

cases, the percentage of licensee orders and total cases ordered, number of bottles and percentage of total bottles ordered, approximate wholesale values, and percentages of licensee value and total value. It appears from documentation that the number of telephone orders has shrunk rapidly over the past year. Howard commented that he would like to see this occur over a period of time. Craig questioned if it would be worthwhile to determine if licensees who fax orders would be willing to change to another method of reporting. John Bunnell said this has been attempted in the past. There are some smaller businesses who do not have computers at their locations. Commissioner Byrne felt that licensees should be moved off the faxing system.

3. Merchandising Report

A. SPIRITS:

1) Test Market Request (Mr. Boston Egg Nog):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from United Beverages, Inc./Barton Brands LTD for a new test market listing for Mr. Boston Egg Nog, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Requests:

a. Patron Silver Tequila, 375ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./St. Maarten Spirits, LTD. for a line extension to Patron Silver Tequila, 375ML size (assigned four-digit Code #3788), as this item in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Southern Comfort Plastic Traveler, 750ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company for a line extension to Southern Comfort Plastic Traveler, 750ML size (assigned four-digit Code #5217), as this item in the 750ML, 1.75L and 375ML sizes have each exceeded the gross

profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Early Times Bourbon Plastic Traveler, 750ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation for a line extension to Early Times Bourbon Plastic Traveler, 750ML size (assigned four-digit Code #2234), as this item in the 1.75L size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Knob Creek, 375ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Future Brands LLC for a size extension to Knob Creek, 375ML size (assigned four-digit Code #1348), as this item in the 750ML and 1.75L sizes have exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Jim Beam Black, 375ML:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Future Brands LLC for a size extension to Jim Beam Black, 375ML size (assigned four-digit Code #1289), as this item in the 750ML and 1.75L sizes have exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Swap Request (Malibu Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits USA to swap products by delisting Code #5730, Malibu Rum, 375ML size and replacing it with Malibu Rum, 750ML

size PET plastic (assigned four-digit Code #5750), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Scotsfest Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve nineteen (19) spirit items to be featured during the Scotsfest Sale, scheduled for Thursday, September 16 through Sunday, September 26, 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Summer Promo (June 28 – August 1, 2004):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission acknowledge the results of the Summer Promo, conducted from June 28 through August 1, 2004, and featuring nineteen (19) spirit and forty-eight (48) wine items. The motion was unanimously adopted.

6) October Special Offers:

a. 11 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions of eleven (11) spirit items, to be featured on sale during October 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 5 items – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of five (5) spirit items, to be featured on sale during October 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 6 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State

Trading Company, based upon depletions of six (6) spirit items, to be featured on sale during October 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 59 items – Executive Wine & Spirits/Martignetti Companies:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H., based upon depletions of fifty-nine (59) spirit items, to be featured on sale during October 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 121 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of one hundred and twenty-one (121) spirit items, to be featured on sale during October 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 135 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of one hundred and thirty-five (135) spirit items, to be featured on sale during October 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. 79 items (unmatched) – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of seventy-nine (79) spirit items, without matching funds, to be featured on sale during October 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

**1) Temperature Controlled Wine Unit:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the purchase of a temperature controlled wine unit for the new Store #55 Bedford location, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**2) Special Offers for October 2004:**

**a. 5 items – R.P. Imports:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from R.P. Imports, based upon depletions of five (5) wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**b. 43 items – M.S. Walker, Inc.:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions of forty-three (43) wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**c. 37 items – Pine State Trading Company:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of thirty-seven (37) wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**d. 28 items – Pine State Trading Co./E & J Gallo Winery:**



It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company/E & J Gallo Winery, based upon depletions of twenty-eight (28) wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 41 items – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of forty-one (41) wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 48 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of forty-eight (48) wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

g. 119 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of one hundred and nineteen (119) wine items, to be featured on sale during October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

h. 130 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of one hundred and thirty (130) wine items, to be featured on sale during October 2004, as

recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Special Offers for September, October, November and December 2004  
(3 items – Perfecta Wine Company):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of three (3) wine items, to be featured on sale during September, October, November and December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Little Penguin National Roll Out:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H./South Corp. Wines to conduct a promotion during September and October 2004 in support of the Little Penguin wines national roll out, as recommended by Nicole Brassard, Wine Marketing Specialist and approved by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Seventh Moon two for sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from R.P. Imports of a “two for” sale on four (4) Seventh Moon wines during September and October 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) Close Outs (8 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close out sales on five (5) wines from Malcolm Lummis, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 7) Specialty Status and Placement:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H.

for specialty status of three Recanati Israeli Kosher wines, with absolutes to be placed on these products in 18 retail stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Recommended Wine Specialty Products (39 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve thirty-nine (39) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Recommended Allocated Wines for Distribution to Selected Stores (31 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve thirty-one (31) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

10) “R” Wines for Allocation to Licensees Selected by Broker (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) restricted wine codes to be allocated to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

11) Primary Source Submissions:

a. 8 items – exclusive agent; 57 items – imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and fifty-seven (57) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 2 items – exclusive agent; 26 items – imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of two (2)) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and twenty-six (26) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated August 5 through August 18, 2004. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other:

- a. 2004 Holiday Listings – 8/18/04 Commission Meeting:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-two (22) spirit items to be designated as holiday listings, but table five (5) egg nog items, to be considered separately. The motion was adopted on a two to one vote, with Commissioner Maiola in opposition.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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